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# A U.S. Frame-Up of Nicaragua Charged

By **STEPHEN ENGELBERG**  
with **ELAINE SCIOLINO**

Special to The New York Times

WASHINGTON, Feb. 3 — A former senior Panamanian official said today that the White House set up a secret operation in 1986 that called for Panama to arrange an East bloc arms shipment that could then be captured in El Salvador and falsely linked to the Nicaraguan Government.

The Panamanian, José I. Blandón, is a former close adviser to Panama's military leader, Gen. Manuel Antonio Noriega. General Noriega is expected to be indicted on drug charges by a grand jury in Miami on Friday, Justice Department officials said.

Mr. Blandón said in a telephone interview that the deal was put together by Lieut. Col. Oliver L. North, the White House aide responsible for funneling aid to the contras during the period when the Administration was barred from providing military help to the rebels.

## Dismissed as Consul General

Mr. Blandón was recently dismissed by General Noriega as consul general in New York, and in an interview with a Panamanian radio station he called on the general and his military associates to resign.

Government officials said Mr. Blandón had told investigators that General Noriega struck a deal with Colonel North to train the contras in Panama in exchange for American support for international bank loans. Mr.

Blandón said the arrangement "could be possible," but indicated he had no direct knowledge of it.

Mr. Blandón added, "North and Poindexter handled the contra operation like a dictatorship," referring to Rear Adm. John M. Poindexter, the former national security adviser. "If you supported the U.S. contras, you could do anything," he said.

Lawyers for Colonel North have said for the past year that they would not comment on any matters. One of them said tonight that there would be no comment on this or any other aspect of the case.

## A Relationship With Casey

An operation aimed at making it appear that Nicaragua was shipping arms to the Salvadoran guerillas would have fulfilled the Reagan Administration's longstanding goal of proving the Sandinista Government was exporting its revolution. The effort collapsed in June 1986 when The New York Times published an article reporting illegal activities by General Noriega, Mr. Blandón said.

It was disclosed last year that General Noriega had told Colonel North that he was willing to mount sabotage and assassination operations against Nicaragua and that Colonel North had endorsed the idea of a sabotage plan. But Mr. Blandón's assertions suggest a deeper White House and Administration link to General Noriega.

Mr. Blandón also told investigators that General Noriega, who took power in 1981, had a close relationship

with William J. Casey, who was Director of Central Intelligence, and once flew in the plane of a drug smuggler to Washington in 1983 to confer with him. It was not known if Mr. Casey knew of the plan to embarrass the Nicaraguan Government.

The new details about General Noriega's cooperation with one of the most sensitive foreign policy operations are significant because they could help explain why senior American officials were willing to cultivate a relationship with the military strongman, even as American intelligence was documenting charges of unsavory arms dealing and sales of banned technology to Cuba. Investigators from the Congressional Iran-contra committees examined in detail the arms shipment that Mr. Blandón said was to be falsely linked to the Nicaraguans and found no hint, in American Government documents, of such a plan.

It was unclear whether General Noriega, who has repeatedly accused the United States of trying to overthrow him to retain control of the Panama Canal, told Mr. Blandón of the reported operation in an attempt to discredit Colonel North or the Reagan Administration. A senior Latin American diplomat who believes the account said he understood that General Noriega seized the ship carrying the weapons because he felt "betrayed" by Reagan Administration officials, who he

thought had provided derogatory information on him to The New York Times.

State Department officials declined to comment when asked about the relationship between Panama and the contras.

Another reason for American Government support for General Noriega is that he has provided a "platform" for the National Security Agency's eavesdropping operations in the region, according to intelligence officials.

Mr. Blandón, who served as chief political adviser to General Noriega when he was head of military intelligence, has provided details of these and other reported illegal operations before the Federal grand jury in Miami that is expected to indict the general on drug charges.

Mr. Blandón is scheduled to testify next week before the Senate Foreign Relations Committee.

Continued

### Sealed Indictments

Government officials said Mr. Blandón had provided a wealth of information about corruption under General Noriega and his close military and civilian associates. While General Noriega's indictment will be made public, the indictment of his associates will remain sealed in the hope that some of them can be arrested and brought to trial.

Mr. Blandón's secret testimony to the grand jury and to Senate investigators, as described by the former consul general and Government officials, includes these disclosures:

General Noriega maintained a close personal relationship with Mr. Casey, who died last year. "Noriega definitely said he had the support of Casey," Mr. Blandón said. He said that on one occasion, General Noriega flew to Washington on the private jet owned by a convicted drug dealer, Stephen M. Kalish, for a secret meeting with Mr. Casey. Mr. Kalish testified before Congress last week that General Noriega borrowed the jet in November 1983.

A former intelligence official said that after Admiral Poindexter sternly told General Noriega to change his ways in 1986, Mr. Casey followed up with a more conciliatory approach that undercut the admiral's message.

The Salvadoran rebels asked General Noriega in late 1987 to help them buy sophisticated weapons, including American-made Stinger anti-aircraft missiles. General Noriega agreed to help and later contacted Ricardo Wheelock, a Sandinista intelligence official. Mr. Blandón said he was later told the weapons had been delivered, although he said he did not know for certain whether the shipment included Stingers or some lesser weapons.

### One Veiled Reference

The Congressional Iran-contra committees looked into the relationship between General Noriega and Colonel North, but their report contained only one veiled reference to the general. It said that an unidentified Latin American leader had offered to help with operations aimed at the contras.

Congressional and Administration officials disclosed that in fact General Noriega had told Colonel North that he was willing to undertake sabotage operations and possibly assassinations against Nicaragua. Admiral Poindexter warned Colonel North to stay away from any assassinations, but he approved the sabotage idea. The plan never went forward because the Iran-contra affair became public and Colonel North was dismissed.

The effort to ship a large quantity of East German-made arms and vehicles to the Salvadoran guerrillas also failed, and it resulted in a series of confusing stories about the travels of a Danish cargo ship carrying them, the *Pia Vista*.

Mr. Blandón said he learned about the operation from General Noriega. The *New York Times* article about General Noriega was published on June 12, 1986, and the ship carrying the weapons was seized by Panamanian officials two days later.

According to Congressional officials, the shipment was arranged by a Swiss arms broker who has ties to the French foreign security service. Colonel North's notebooks do not contain a direct reference to the plan.

The cargo ship passed through Peru on June 6, 1986, remained there for a few hours, then steamed northward to Panama. When the ship was seized, the bill of lading instructions were for the weapons to be delivered to Gen. Adolfo Blandón, Chief of Staff of El Salvador's armed forces. The general is no relation to José I. Blandón.

### List for Grand Jury

Mr. Blandón said in the telephone interview that he had revealed to the grand jury the names of General Noriega's top military and civilian associates. Like the Panamanian leader, he said, the associates were involved in drug trafficking, money-laundering and other illegal activities. He said he did not know if the grand jury intended to indict any or all of them. The list of names was published in Panama today in the newly reopened daily, *La Prensa*.

The associates include Marcos A. Justines, chief of the General Staff of the Panamanian Defense Forces and second in command to General Noriega; Mayor Nivaldo Madriñán, head of the investigative police and one of the officials closest to General Noriega; Luis Córdoba, head of the traffic police and former chief of Chiriqui Province, who opposition leaders believe was responsible for the beheading of the opposition leader Dr. Hugo Spadafora in 1985; Alberto Purcell, executive secretary of the General Command of the Defense Forces, and Lorenzo Purcell, head of the Panamanian Air Force.

### Business Fronts Are Named

Mr. Blandón also listed a number of civilians who he said were involved in illegal activities, including the late Cesar Rodriguez, who was murdered in Colombia, and Enrique Pretel, a well-known jeweler in Panama City.

Under a 1904 extradition treaty between the United States and Panama, neither country is required to hand over its citizens for extradition, so the indictments against General Noriega and his associates could result in arrests only if they are out of the country.

# In Contra Deal

## Secret Training Tied To Assistance on Debt

By Bob Woodward and Joe Pichirallo  
Washington Post Staff Writers

Panamanian leader Gen. Manuel Antonio Noriega and Lt. Col. Oliver L. North planned secretly in 1985 to train Nicaraguan rebels in Panama, according to Jose I. Blandon, a former top Noriega aide who is now under 24-hour guard by the U.S. Marshals Service as a witness in federal drug and corruption investigations of Noriega.

Blandon alleged that the training of between 200 and 250 contras took place from July 1985 to May 1986. Several knowledgeable military and other U.S. officials expressed skepticism this week that the plan was ever carried out, but a well-placed government official said yesterday there is intelligence information to support Blandon's report that Panama trained contra fighters.

Blandon alleged in interviews over the last week that in return for the secret contra training, North agreed that he would try to get the U.S. government to assist Panama with its debt crisis in late 1985. Private and international development

bank loans of more than \$200 million were made to Panama over the next year, according to records and other officials, though a number of banking and Treasury Department officials said that neither North nor the White House played any role in the arrangements. The loans helped avert economic collapse in Panama, which had a \$3.8 billion debt in late 1985.

Congressional and other sources said that the Blandon contra training allegation is the latest evidence suggesting that North, the National Security Council aide fired for his role in the Iran-contra affair, turned to Noriega for critical assistance in 1984-86, when Congress had restricted U.S. aid to the contras.

the House and Senate Iran-contra between North and Noriega on possible Panamanian assistance to the contras.

For example, in one previously unpublished September 1986 internal White House computer message, North reported that Noriega had pledged to help the contras if in turn North or the White House would help the Panamanian leader improve his image, sources said.

Blandon, 44, a former top civilian political adviser to Noriega, was fired by Noriega as Panama's consul general in New York last month. For several months last year, Blandon had been Noriega's secret emissary to the Reagan administration in an unsuccessful effort to work out an arrangement to allow Noriega to step down and permit a move toward civilian government and democracy in Panama.

Noriega is the target of a Miami federal grand jury investigation examining his ties to the multibillion-dollar Latin American narcotics trade. Federal prosecutors are expected to seek an indictment this week, sources said.

Through a spokesman, Noriega has denied Blandon's corruption allegations and said that Blandon was not a close adviser or associate.

In the course of hours of interviews with The Washington Post, Blandon said he was present at a 90-minute Noriega-North meeting on a yacht in Panama in which the contra training proposal was first discussed. Blandon said he believes the meeting occurred in June 1985. North requested arms, training and intelligence assistance for the contras, according to Blandon's recollection. Blandon said that he prepared for Noriega at the time a two-page memo summarizing North's requests at the meeting.

After Panama's secret contra training began in July 1985, Blandon said, he visited the training site known as the Jose Domingo Espinar Training Center. The center is at the former U.S. Fort Gulick, which housed the U.S. Army's School of the Americas until it was given to Panama in 1984 under provisions of the Panama Canal treaties.

A Panamanian officer, identified by Blandon as a Col. Elias Castillo, who was in charge of the base, pointed out 45 to 50 contras undergoing training at that time, according to Blandon.

The Wall Street Journal  
New York Daily News  
USA Today  
The Chicago Tribune

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Blandon said he was told that the contras were instructed in mortars, surface-to-air missiles and intelligence. He said he was told that the training was being carried out both by Panamanian officers and off-duty U.S. military personnel attached to the Southern Command base in Panama.

Blandon said that he did not see any U.S. military officers during his visit, but that an aide to Castillo told him about the U.S. personnel.

"The training was being done by the Panamanians and by certain officers of the United States that came late in the afternoon," Blandon said.

Asked about this allegation yesterday, the Pentagon said: "Neither we at DOD [Department of Defense] nor [the Southern Command] have any record or knowledge of such activity."

At a second North-Noriega meeting that Blandon said he attended in Panama in October 1985, Noriega said Panama was in serious financial condition. "The only thing we need help with is money," Blandon quoted Noriega as saying. According to Blandon, North said: "I will try to do the best I can."

During the 15 months following the Noriega-North meeting, Panama received an infusion of additional loans and economic assistance, some of it from the U.S. government. Economic assistance to Panama from the Agency for International Development, which had been running at a maximum of \$13 million in previous years, jumped to \$74.5 million in 1985, according to AID records provided by a spokesman.

According to well-placed banking officials, Panama's commercial creditors refinanced Panama's debt payments and provided other credits and loans totaling \$148 million.

Blandon said that the basic financial situation had stabilized for Panama by March 1986. He said that both Noriega and he credited North with assisting Panama. "He solved all our problems with the U.S.," Blandon said.

North or his attorney could not be reached for comment.

The record of the congressional Iran-contra committees shows that North and Noriega worked together at times, and a military source said that North visited Panama a number of times each year during the period he managed private supply channels to the contras in 1984-86.

The Iran-contra report said that "North received an offer [in 1986] from a third party to engage in sabotage and other activities inside Nicaragua." Then-Vice Adm. John M. Poindexter, who was national security adviser, "approved the sabotage plan, but instructed North not to become involved in conspiracy or assassination." That plan was never carried out, the report said.

*Staff writer George C. Wilson and staff researcher Melissa Mathis contributed to this report.*

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